NEWSPAPER

Gallup studies teen labor pool

Cover Story/Page F3

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MS. JEANNE LONG
CONGRESSIONAL INFO. SERV 19C
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814

Nation's
Restaurant News®

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TW wins Denny's with $843M offer

By Don Jeffrey and Richard Martin

NEW YORK — TW Services has agreed to buy Denny's for $843 million, a move that would make the operator of franchised Hardee's and institutional catering giant Canteen a powerhouse food-service company with annual sales over $3 billion.

The surprise buyout came after another food-service titan, Marriott Corp., was rebuffed in its third acquisition offer for DHI Corp., the California-based holding company for nearly 1,200 Denny's family restaurants, 75 El Pollo Loco chicken outlets, and a 42-percent stake in about 800 Winchell's doughnut houses.

Frank L. Salizzoni, chairman and chief executive of TW, the company that emerged after Transworld Corp. liquidated last December to avoid a hostile takeover by corporate raider Ronald O. Perelman, said buying Denny's fit the company's strategy of expanding food-service operations through aggressive acquisitions.

But industry analysts who gathered at TW's New York headquarters for Salizzoni's announcement were skeptical and cautious about the move.

TW reported impressive results from its Canteen division last year—a 26-percent gain in operating profit, to $53 million, on a 37-percent increase in revenue, to $1.35 billion.

But restaurant results were sluggish: The Spartan Food Systems division reported only a 2.3-percent increase in operating profit, to $64 million, on an 18-percent revenue gain, to $548 million.

Sources say the 400 Har-

*(See **TW**, page 52)*

Inspiration in New Orleans

New breed of chef shakes up old traditions

By Paul Frumkin

NEW ORLEANS — A new generation of inventive chefs and restaurateurs, inspired by the deep-rooted traditions of classical French, Cajun, and Creole cooking, are modernizing the New Orleans dining scene.

Such restaurants as Mr. B's, L'Eagles, Gautreau's, and the Bistro at Maison de Ville are expanding the area's culinary boundaries by using more contemporary and eclectic preparations as well as previously underused local ingredients.

"Cooking is definitely undergoing an evolution here," declared Armand Jonté, chef at the four-year-old Gautreau's. "Before, the city was kind of stagnant."

Ralph Brennan, co-owner of

*(See **NEW ORLEANS**, page 49)*

NRN Photo

Chef Susan Spicer, left, and managing director Bonnie Leigh in the Bistro at the Maison de Ville hotel.

LUNCH ON THE RUN

(Selected express lunch programs)

Godfather's: Every slice is ready within three minutes
Pizza Hut: Service within five minutes or the next pizza is free
Perkins: Service within 10 minutes
Bennigan's: If maximum quick-service time is exceeded, entrées and appetizers are free
Friendly's: Service within five minutes or an ice cream sundae is free
Burger King: The "Express Meal Deal"
McDonald's: Three prepared salads
7-Eleven, Circle K: Pizza, sandwiches, and prepared salads

Express lunch battle draws host of players

By Ken Frydman

The burgeoning express lunch marketplace—once the exclusive domain of fast-food chains—is drawing new players from other restaurant segments, becoming a lunchtime free-for-all.

Godfather's, Perkin's, Friendly's, Bennigan's, and Pizza Hut have added express lunch programs to compete for traffic with such fast-food giants as McDonald's, Wendy's, and Burger King.

The country's fast-paced work force requires expeditious and convenient lunches. The current trend recalls the convenient drive-thru days of the 1960s and 1970s, when fast food was rapidly prepared, served almost instantly, and consumed without anyone leaving the car.

"Quickly prepared and served lunches are an obvious opportunity for those restaurants perceived as too slow for America's fast-paced life-style," said Ron Paul, president of Technomic Inc., a Chicago-based food-service consulting firm.

But express lunch programs should be implemented on a "local unit basis based on traffic patterns," he explained. "Express lunches may work against food-service concepts where customers want to linger over lunch," he said.

Since pizza is traditionally an eat-on-the-run food-service concept, today's lunch-hour speed contest is fiercest among

*(See **EXPRESS**, page 52)*

Allegheny admits fix-up plan failed

By Alan Liddle

CHEVERLY, Md. — Admitting that headquarters-imposed efforts to shore up contract feeder Service America backfired, Allegheny Beverage officials have returned the reins to unit managers.

The managerial about-face came after a year in which Service America saw its bottom line plummet 93 percent to $3.9 million from $57 million in the prior year, Allegheny's latest 10-K report reveals. The company attributed the drop in operating income to operational miscues, including forced labor-savings and price hikes, and one-time charges of $31 million.

John E. Baker, Allegheny senior vice president, said corporate officers, after seeing the effect of their rigid operational guidelines on Service America's bottom line, now give unit managers "more leeway."

"The unit manager understands the needs of his customer better than anyone," Baker said,

*(See **ALLEGHENY**, page 49)*

FOOD WATCH

Canteen plays ball

OAKLAND, Calif. — The concession stands at the Oakland-Alameda County Coliseum may have provided more excitement to fans attending this year's All Star game than did the boys of summer locked in a pitcher's duel down on the diamond.

TW Services' Canteen division went far beyond the traditional stadium menu, offering fans a broad selection of international foods. As the National League racked up a 2-0 win, Canteen dished up such fare as deli-sandwiches, English bangers (sausages), nachos, baked potatoes, Cajun-style foods, pizza, ribs, gourmet cookies, and hand-dipped ice cream.

Nevertheless, ball fans are apparently a conservative bunch. According to a spokesman for Canteen, hot dogs, peanuts, soft drinks, and beer still account for about 80 percent of sales.

TOBE, HILL JOIN MUFSO PRESIDENTS' PANEL—Page 2

NEWS DIGEST

4.5

WALL STREET UPDATE

Index slips 4.5 points

NEW YORK — As the Dow Jones Industrial Average of blue-chip stocks closed above 2,500 for the first time, the *Nation's Restaurant News* Stock Index slipped 4.5 points in the week ended July 17, finishing at 200.0. Price-change winners beat the losers, 69 to 61.

(*See* ***STOCK TABLES,*** *page 51*)

Flakey's sold to executives

BELLEVUE, Wash. — Flakey Jake's president Wallace Doolin and vice president Robert Kaltenbach have purchased the struggling 31-unit hamburger chain for an unspecified amount of cash and the assumption of $5.8 million in secured debt. The deal ends Flakey's protection from creditors under Chapter 11 of the federal bankruptcy code.

Morrison buys Cock of the Walk

MOBILE, Ala. — Morrison Inc., the cafeteria operator and contract feeder, has acquired the 12-unit Cock of the Walk Southern-style chain for an estimated $1.5 million. Morrison recently pulled the plug on its small group of home-style casual-theme restaurants, called Sadie's.

Trade group drops bargaining role

SAN FRANCISCO — The Golden Gate Restaurant Association has relinquished its role as local restaurants' bargaining agent in contract negotiations with food-service unions. Some 200 restaurants might have to hammer out individual union contracts this year as a result of the association's decision, union officials said.

Taco Bell raises Calny stake

IRVINE, Calif. — Taco Bell, the 2,200-unit Mexican fast feeder, said it has raised its stake in Calny Inc., a San Mateo, Calif.-based franchisee, to 18 percent. Earlier this year Calny rejected an $11.50-per-share takeover bid from PepsiCo, Taco Bell's parent.

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Welter forms own ad agency

First job: White Castle frozen slider six-packs

By Marilyn Alva

COLUMBUS, Ohio — William M. Welter, the Wendy's marketing executive who resigned last May because of differences with top management, has formed his own marketing and advertising office here. His partner in the venture is Jack Haunty, a well-regarded advertising creative director in the area.

And their first client is Columbus based-White Castle, home of the tiny, steamed hamburger commonly known as the slider.

Welter gained prominence in the fast-food industry when he supervised Wendy's marketing efforts during its "Where's the Beef?" campaign with Clara Peller. More recently, however, he lost favor with Wendy's executives as sales declined.

Welter's new consulting firm, Haunty & Welter Inc., won't be the agency of record for White Castle's 225 restaurants. Rather, it will be responsible for the advertising and promotion behind the test-marketing efforts of the chain's new retail frozen hamburgers and cheeseburgers.

White Castle is testing frozen slider six-packs in grocery stores in Columbus, Ohio, Indianapolis, Denver, and Portland, Ore., and wants to expand nationwide eventually.

Fred Schindler, White Castle's director of advertising, said Welter's and Haunty's expertise "will be invaluable for us on this key project."

Welter said the frozen White Castle hamburger "fits America's life-style snacking trends better than any product," adding, "It addresses the tremendous snacking that is going on."

Welter said the philosophy of his new consulting firm will be to offer marketing and advertising support "that transcends the traditional."

"We don't feel that excellence is necessarily a product of structure and megasize," he explained.

William M. Welter, right, and Jack Haunty, left, have joined forces in their own, newly formed advertising agency.

Elaborating, his partner Haunty said, "There comes a time or two in every business' life that an experienced and objective force is needed to shake things loose, to get inside a critical problem and solve it. We're designed to be that force."

White Castle recently hired a full-service agency to handle its restaurant advertising, Lord, Sullivan & Yoder Inc., Columbus. Schindler said, however, that Haunty and Welter will also be called upon as consultants "to help us maximize our marketing efforts in our restaurant business."

As Haunty explained, "We're in a position to take a third- party look at everything White Castle does."

After leaving Wendy's as executive vice president of marketing, Welter had talked to the chain about the possibility of becoming a franchisee. He would only comment that he is "no longer pursuing that option."

He said that he has known Haunty socially since 1984 and that his name kept coming up as he met with various business leaders around town. He called him to arrange a meeting, and "The rest is history."

Haunty is a 25-year veteran in the creative area of the advertising agency business here. Since 1985 he was on his own with his own one-man shop, and since last January he has produced two television commercials and four radio spots for White Castle.

Before joining Wendy's, Welter was an executive with the Chicago agencies Leo Burnett and DDB/Needham, formerly Needham, Harper & Steers. While at those agencies he helped create marketing and advertising plans for McDonald's, General Mills, Schlitz Beer, and Kentucky Fried Chicken.

Tobe and Hill to join eight other execs on 1987 MUFSO presidents panel

NEW YORK — John Tobe, president and chief executive of Jerrico Inc. and its Long John Silver's Seafood Shoppes, has agreed to appear on *Nation's Restaurant News'* annual MUFSO conference all-morning presidents panel Wednesday, Sept. 30, at the Century Plaza Hotel, Los Angeles.

Kenneth Hill, former president and driving force of Gilbert/Robinson and Houlihan's and now president of the rapidly expanding T.J. Cinnamons bakery restaurants, also will be on the panel.

Tobe

Hill

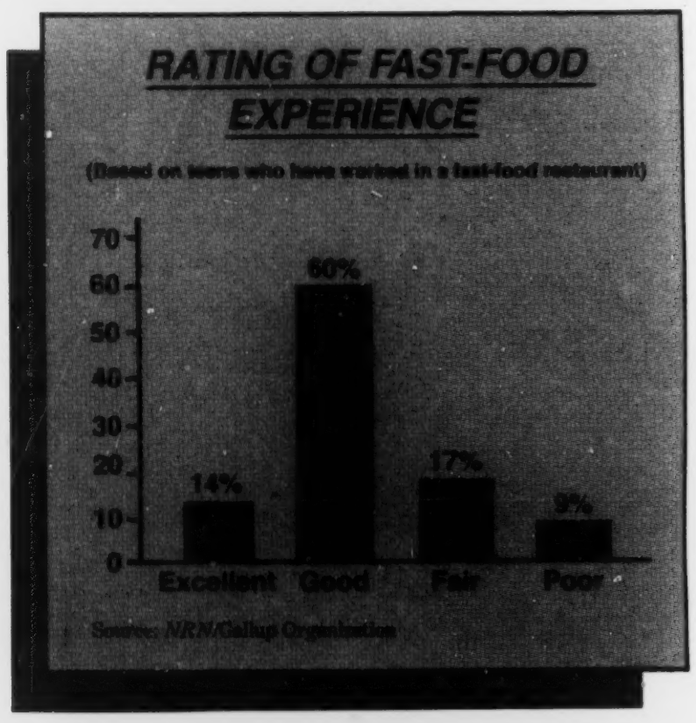
They will join an all-star cast, which consists of Chili's chairman and moderator Norman Brinker, Godfather's Pizza president Herman Cain, Whataburger president Jim Peterson, Arby's president Leonard Roberts, Denny's Inc. president Donald Pierce, Restaurant Associates president Max Pine, Dunkin' Donuts president Robert Rosenberg, and 1986 MUFSO Operator of the Year and Collins Foods chairman James Collins.

Details on the MUFSO conference, Sept. 27 to 30, themed to "Winning Tomorrow's Customer," are available from *NRN*'s MUFSO coordinator, Chris Hernandez, at (212) 371-9400, extension 283 or 282.

Nation's Restaurant News

FOCUS

TEEN LABOR SURVEY



Teen employees like working in fast-food restaurants. In an exclusive Gallup poll, 74 percent gave it a favorable rating.

VIEWPOINT this week

Rankin: Committee defeats president's Social Security tip tax plan Page F8

PLUS

Reader Feedback: the minimum wage, beef consumption Page F8

FOCUS | NRN

COVER STORY

POLL: TEENS STILL ENJOY FAST-FOOD WORK

By Leonard Wood
Exclusive to NRN

How to attract employees is an area of perpetual concern to the restaurant industry. Teenagers have traditionally been a good source of eager workers, but with the graying of America, the pool of 19.8 million 13-to-17-year-olds that existed in 1980 will dwindle to a mere 16.2 million by 1990.

With the shrinking adolescent population, the competition among fast-food establishments for employees has increased dramatically.

In an effort to help the industry understand the attitudes of its potential young workers, the Gallup Organization recently questioned a nationally representative sample of 503 adolescents aged 13 to 17 about their employment history, their interests, and their opinions of fast-food restaurants.

Approximately 11 percent of teens have worked in a fast-food restaurant. It is not surprising that 21 percent of 16-to-17-year-olds are far more likely than 13-to-15-year-olds (4 percent) to have had a fast-food job. A regional difference exists as well, with Western teens (17 percent) being the most likely to have held a job in a fast-food place, while Southern teens (6 percent) were less likely than those who live elsewhere.

Teen fast-food employees tend to view working in a fast-food restaurant positively. When asked to rate the overall experience , a majority of teens (74 percent) gave it a favorable rating, with one in seven saying it was an excellent opportunity and 60 percent describing it as good. One in six rated the job fair, while a less-favorable opinion was held by the one in 10 teens who considered their fast-food employment to be a poor experience.

The most prevalent comments among those describing their employment in such positive terms as good or excellent were that they gained experience, learned responsibility, and had a good time. In contrast, the main complaints among those who regarded the jobs less favorably, either fair or poor, were the lack of free time and a dislike of what they were doing.

Teens who have never worked in a fast-food place were questioned to determine their interest in this type of employment. Overall, one in six of those teens would be very interested in working in a fast-food restaurant. An additional 40 percent would be somewhat interested, resulting in a majority of teens (59 percent) who have never held a fast-food job having at least some interest in such employment. Conversely, nearly 40 percent of teens rule out such an opportunity, saying they're not at all interested in working in a fast-food restaurant.

Certain teens are more likely than others to express interest in someday working at a fast-food place. Younger teens are more likely to be interested than older teens, and that applies to those whose academic standing is average or below in comparison with those with higher grades.

Teens who come from upper-socioeconomic-level households are less apt than those of a lower socioeconomic background to be interested in fast-food employment. Compared with their counterparts, smaller proportions of teens whose parents both attended college and those from white-collar homes would consider a fast-food job.

As one might expect, in view of the greater incidence of teenage fast-food employment in the region, Western teens are more apt than those who live elsewhere to express interest in a fast-food job. Such employment is of greater interest to young residents of rural areas (65 percent) than to those in the suburbs (52 percent) or central city (58 percent).

Among teens who say they would be very much or somewhat interested in a fast-food job, the primary source of appeal seems to be the opportunity to earn money, a reason mentioned by nearly 40 percent of those interested. The other reasons cited by more than 10 percent of those teens were the chance to meet new people and the opportunity to have a job. Among teens not at all interested in fast-food

*(See **TEENS**, page F6)*

A crew of teenage workers learns the ropes from a Burger King unit manager.

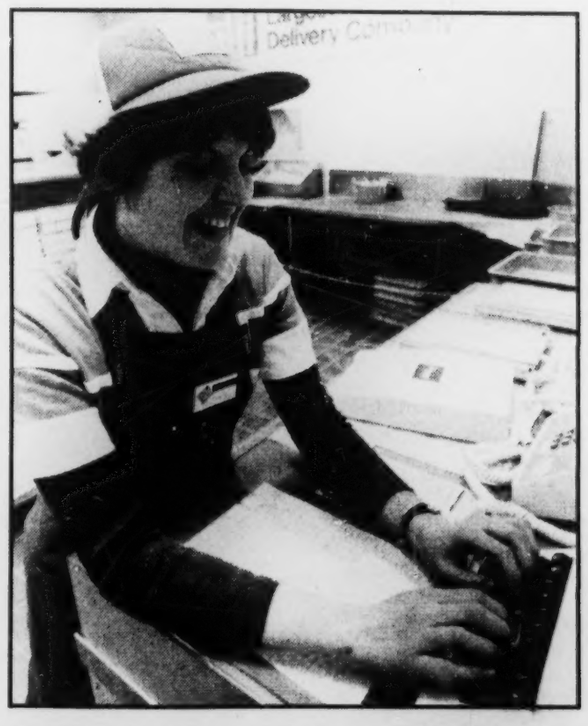
Leonard Wood is vice chairman of The Gallup Organization Inc., located in Princeton, N.J.

BELIEFS TEENS HOLD ABOUT WORKING IN FAST-FOOD RESTAURANTS

	Very true	Somewhat true	Somewhat untrue	Very untrue	Don't know
It's a good way to meet new people my own age	46%	39%	10%	4%	1%
I like to eat at fast-food restaurants	42	49	4	5	*
Young people are not paid enough for the work they have to do at fast-food restaurants	30	39	23	4	4
A fast-food restaurant is a good place for your first job	27	43	20	9	1
Adult managers put too much pressure on young people who work at fast-food restaurants	24	36	25	7	8
People who work at fast-food restaurants look friendly	22	62	12	3	1
My parents would be happy if I got a job at a fast-food restaurant	21	37	20	19	3
Students who work part-time at a fast-food restaurant often do poorly in school	12	41	32	12	3
It can be dangerous to work at a fast-food restaurant	12	39	28	19	2

*Approaching zero

Source: Gallup Organization



A Domino's employee. Three-quarters of teens polled rated fast-food work a positive experience.

FOCUS | NRN

Teens think fast-food work's okay

(Continued from page F3)

work, the primary drawbacks appear to be a preference to work elsewhere, not enough money, too much stress, and the nature of the job.

Mixed opinions on eating

In addition to asking teens about their work history and interest in fast-food employment, Gallup investigated their general attitudes toward fast-food restaurants. The teens were asked to rate the truth of various statements about the establishments.

More than 90 percent of teens said it is very or somewhat true that they like to eat in fast-food places. Eighty-five percent agree that working in a fast-food place is a good way to meet new people and that people who work in fast-food restaurants look friendly. Seven in 10 youngsters felt that a fast-food restaurant is a good place for a first job, and six in 10 said that their holding such jobs would please their parents.

With respect to the less positive statements about fast-food employment, the majority of young respondents assert that teenagers are not paid enough for their fast-food work, adult managers put too much pressure on young employees, and students who work part-time in a fast-food restaurant often do poorly in school. Opinion on the safety of fast-food employment is somewhat divided.

Eighty-five percent agree that working in a fast-food place is a good way to meet new people.

Teens have a somewhat mixed opinion of fast-food restaurants. Although the vast majority agrees either very or somewhat strongly with positive statements about such establishments, large percentages also concurred with some of the negative statements.

Good way to meet people

Overall, more than 40 percent of teens believe strongly that fast-food employment is a good way to meet new people. That opinion is more likely to be held by nonwhites (60 percent) than by white teens (44 percent). The attitude is more prevalent among adolescents from blue-collar families and those whose parents didn't attend college than among their counterparts. More than half of Southern teens appreciate the social aspect of fast-food employment, but less than half of those who live elsewhere do so.

About 40 percent of teens said they very much enjoy eating in fast-food restaurants. A greater proportion of young men (46 percent) than young women (39 percent) enjoy fast food to that extent; that opinion is also more prevalent among younger (44 percent) than older teens (39 percent). The likelihood of enjoying fast-food restaurants is lower among teens whose parents both attended college (34 percent) than among their counterparts (46 percent). Similarly, teens from white-collar households (40 percent) are slightly less inclined to agree with the statement than are those from blue-collar homes (47 percent). The proportion of teens who characterize themselves as fond of eating in fast-food restaurants is lower in the West than elsewhere.

Three in 10 young people strongly believe teens are underpaid for their fast-food work. The opinion is more prevalent among young men (33 percent) than young women (27 percent) and among nonwhites (46 percent) than whites (27 percent). It is significant that older teens, who tend to be more likely to hold fast-food jobs, are more apt than younger teens to believe that teenage employees are not adequately compensated. About one-third of teens with average grades, those from blue-collar households, and Easterners feel that young fast-food workers are underpaid, but smaller proportions of their counterparts share that opinion.

A good place for a first job

More than one in four adolescents strongly feel a fast-food restaurant is a good place for a first job. That opinion is more prevalent among nonwhites and teens aged 13 to 15 than among their counterparts. In addition, fast-food employment appears to be more attractive to teens in the lower socioeconomic groups. Teens whose parents didn't attend college or who come from blue-collar households are more inclined to agree with that statement than are their counterparts.

More than one-third of Southern teens believe fast-food employment is a good first job, more than twice the proportion that registered in the East.

Too much pressure

Overall, about one in four teens strongly believes that adult managers exert too much pressure on their adolescent employees. Compared with their counterparts, nonwhites, those of average academic standing, those who don't have two college-educated parents, those from blue-collar households, and residents of the East or Midwest are more likely to hold that opinion.

About one-fifth of teens perceive fast-food workers to be friendly. Compared with their counterparts, young men, nonwhites, those aged 13 to 15, those who don't have two college-educated parents, those from blue-collar families, and Westerners are more likely to have that positive opinion.

One in five teens strongly believes his parents would be pleased by his being employed at a fast-food restaurant. Nonwhites, younger teens, those who don't have two college-educated parents, and those from blue-collar households are more likely than their counterparts to say their parents would be happy. Slightly smaller proportions of Easterners believe their fast-food jobs would be a source of happiness for their parents.

Doesn't hurt school work

Only one in eight people perceives fast-food employment as a factor in poor academic performance. Compared with their counterparts, young men and nonwhites are more apt to hold that opinion. The attitude is especially prevalent in the South, where nearly one in five teens believes a relationship exists between being a poor student and being employed in a fast-food restaurant.

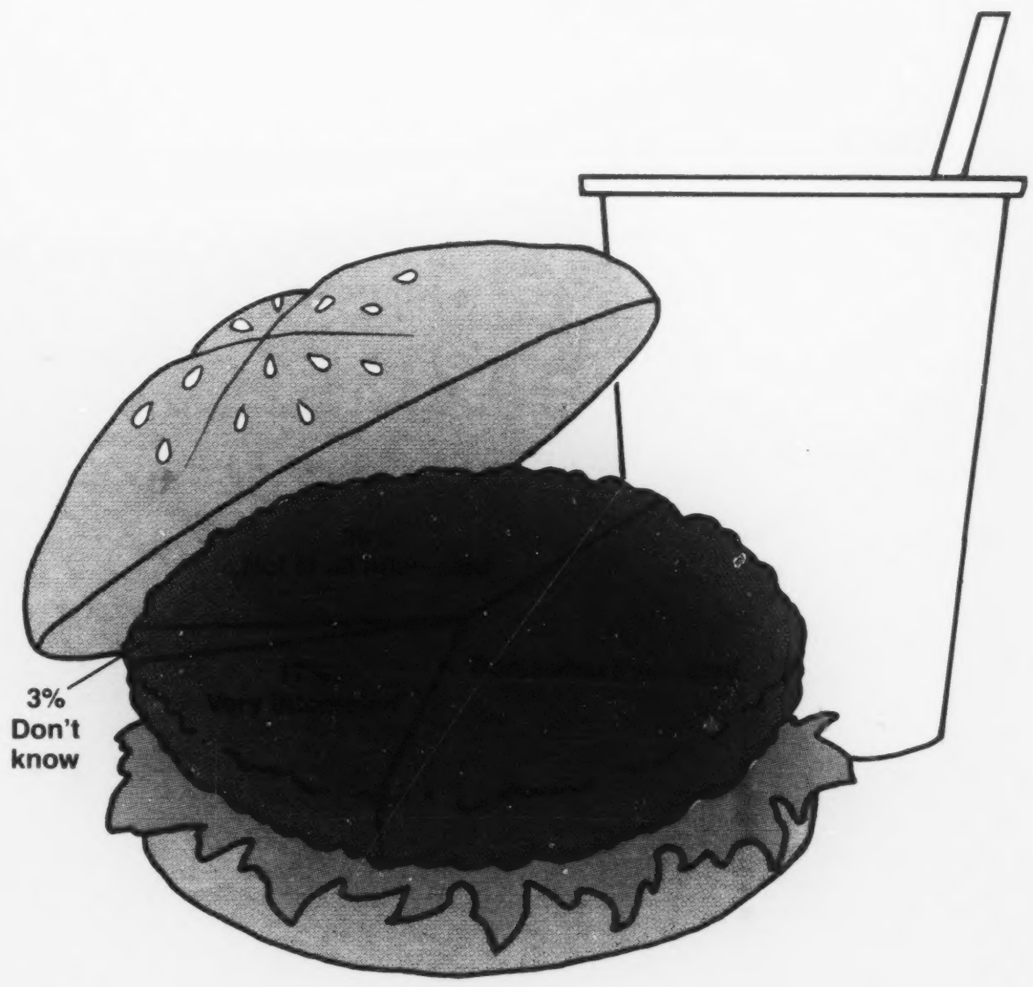
Only one in eight teens considers fast-food employment dangerous. The opinion is held by similarly small proportions of all demographic groups, although the incidence is somewhat higher among nonwhites and somewhat lower among Easterners.

It is noteworthy that certain key demographic groups, such as nonwhites, those from blue-collar backgrounds, and those who don't have two college-educated parents are more likely than their counterparts to agree with the positive statements about fast-food restaurants. Those groups were also more likely than their counterparts to express some interest in potential fast-food employment. Perhaps those groups should be the focus of fast-food managers' recruiting efforts.

However, regardless of which portion of the teen population the food-service industry attempts to attract, these results suggest the need to dispel certain negative perceptions about fast-food employment. Specifically, certain teens perceive fast-food jobs to be low-paying, stressful, dirty, and an intrusion on their free time.

Perhaps one way to combat such negative attitudes is to enhance and promote the more positive aspects of the job—the opportunity to gain experience and responsibility, to earn money, and to meet new people.

HOW INTERESTED WOULD YOU BE IN WORKING IN A FAST-FOOD RESTAURANT?



Source: *NRN*/Gallup Organization

TEENS WHO HAVE NOT WORKED IN FAST-FOOD RESTAURANTS INTERESTED IN DOING SO

	Very/ somewhat interested in fast-food employment (%)
Total teens who have not worked in fast-food restaurants.	59%
Sex	
Male	60
Female	58
Race	
White	55
Non-white	78
Age	
13-15	65
16-17	48
Academic standing	
Above average	54
Average or below	65
Parents' education	
Both college	50
One college	56
Neither college	66
Occupation of chief wage earner	
White collar	52
Blue collar	69
Region	
East	53
Midwest	54
South	60
West	70
City size	
Central city	58
Suburb	52
Rural	65

Source: Gallup Organization

FINANCIAL NEWS

Ryan's takes first, third spots on stock winners' list

By Don Jeffrey

Ryan's Family Steak Houses and one of its franchisees took two of the top three positions among stock-price gainers in the restaurant industry for the first half of 1987.

One Wendy's franchisee led the price decliners, while another also placed among the top-10 losers.

Family Steak Houses of Florida, the 11-unit Ryan's franchisee based in Neptune Beach, led all stock-price winners. Its shares closed July 2 at $9, a 146.2-percent increase from the beginning of the year. For the 13 weeks ended April 1, net profit doubled, year-to-year, to $330,000.

Ryan's, the Greenville, S.C. franchisor, placed third, with an 86-percent price rise, to $13.25. For the first quarter, its net profit rose 61 percent, to $3.7 million.

Two other chains among the top-10 gainers are expected to be merged soon. Pantera's Corp., which placed second with a 145-percent jump in price, to $12.25, has agreed to purchase Pizza Inn, which was the eighth-biggest advancer, at 59.3 percent, to $16.13. Pantera's was previously known as Concept Development Inc., a Godfather's franchisee. It is now the operator and franchisor of the St. Louis-based Pantera's pizza chain.

Small cafeteria-style chains continued to attract attention among investors: Two placed among the top-10 winners. Buffets, a Minnesota-based chain, was sixth, with an 82.2-percent gain, to $18.50. The New York-based, Italian-style cafeteria concept, Sbarro, was ninth, with a 56.9-percent jump, to $22.75.

Italian-style food was also represented by the Old Spaghetti Warehouse dinnerhouse chain of Dallas, which finished fourth, with an 85.7-percent increase, to $6.50.

Three other chains in the top 10 were turnarounds: Swensen's, in fifth place; Kapok Corp., in seventh; and Carl Karcher Enterprises, in 10th. For the 16 weeks ended May 18, Karcher reported a profit of $4.2 million, a 378-percent jump.

American Restaurants, a California-based Wendy's franchisee, led the price-losers' list, falling 57.1 percent, to 75 cents. Wendy's and its franchisees have continued to suffer sales declines, following an ill-executed breakfast rollout two years ago.

Southern Hospitality, which operates franchised Wendy's out of Nashville, Tenn., was tied for sixth, with a 25-percent decline, to $2.25.

Wendy's International Inc., the Dublin, Ohio-based franchisor, fell 6.1 percent, to $9.63, but was not among the top-10 decliners.

The Mexican segment fared poorly on Wall Street during the first half of the year. Three Mexican-style chains were among the top-10 losers.

Fast-food chain Taco Viva, based in Boca Raton, Fla., was second, falling 46.7 percent, to $1. The Minnesota-based Chi-Chi's franchisee, Consul Restaurant Corp., was fourth, 35.7 percent down, to $1.13. In fifth place was the Dallas-based fast feeder Taco Villa, which fell 32.1 percent, to $2.38.

Two chicken chains also made the price-decliners' list: a New York-based Popeyes franchisee, Fast Food Operators, and a Phoenix-based grilled chicken chain, El Pollo Asado.

RESTAURANT STOCKS' PERFORMANCE IN FIRST HALF OF 1987

Name of Company	Closing Price*	Percentage Change**
Winners:		
Family Steak Houses of Fla. Inc.	$ 9.00	146.2
Pantera's Corp.	12.25	145.0
Ryan's Family Steak Houses Inc.	13.25	86.0
Old Spaghetti Warehouse Inc.	6.50	85.7
Swensen's Inc.	1.38	83.3
Buffets Inc.	18.50	82.2
Kapok Corp.	4.25	78.9
Pizza Inn Inc.	16.13	59.3
Sbarro Inc.	22.75	56.9
Carl Karcher Enterprises Inc.	26.13	54.8
Losers:		
American Restaurants Inc.	0.75	– 57.1
Taco Viva Inc.	1.00	– 46.7
Benihana National Corp.	3.75	– 37.5
Consul Restaurant Corp.	1.13	– 35.7
Taco Villa Inc.	2.38	– 32.1
Southern Hospitality Corp.	2.25	– 25.0
Maverick Restaurants Inc.	0.75	– 25.0
Captain Crab Inc.	0.56	– 25.0
Fast Food Operators Inc.	0.19	– 25.0
El Pollo Asado Inc.	5.00	– 23.1

*On July 2
**Computed from first trading day of 1987
Source: The Media General Financial Weekly

INSIDE FINANCE

McDonald's Corp. loses 'buy' rating

Wendy's is not the only burger chain that has lost face on Wall Street. Sluggish sales at the two top players in the segment, McDonald's and Burger King, have caused analysts to take a skeptical look at their investment potential.

McDonald's, which is usually at the top of most restaurant analysts' lists of recommended stocks, has been downgraded by John W. Weiss of Montgomery Securities in San Francisco from "buy" to "hold."

Weiss gives several reasons for the change, which he says reflects the chain's no-longer-favorable relative valuation:

- Lower-than-expected sales improvement from the recent rollout of prepackaged salads.
- A likely increase in the minimum wage.
- Recent increases in ground beef prices.
- A more stable U.S. dollar.
- A decline in the sales-investment ratio for new units.

Though he sees no fundamental problems at the chain, he concludes that "there is probably more room for disappointment than for pleasant surprises" since McDonald's (recent price: $53) stock is "increasingly dependent on product-driven sales stimulation."

* * *

Pillsbury's dough falls: Pillsbury, the parent of Burger King, rates "hold" also, in a report by Becky Barfield of First Boston in New York. She says a 13-percent decline in restaurant operating profit yielded weak earnings in the May-ended fiscal year.

Burger King's real sales were flat for the year and down 4 percent in the fourth quarter. Steak & Ale, the full-service concept, suffered an 8-percent drop in real sales. Referring to Steak & Ale, Barfield says, "The menu was too expensive, and maybe even the concept is outdated."

She estimates $2.85 a share in fiscal 1988, compared with $2.10 in fiscal 1987.

* * *

Down but not out: Michael G. Mueller, Weiss' colleague at Montgomery Securities, is recommending purchase of Associated Inns and Restaurants Company of America (AIRCOA) for "aggressive accounts."

Mueller points out that the AIRCOA stock price has declined "much more than is justified" and that the Denver-based national hotel management company is well poised for long-term growth.

The company's growth strategy includes acquiring other hotel management companies or third-party management contracts.

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NRN FINANCIAL DIGEST

H&H bond ratings lowered

NEW YORK — Horn & Hardart's notes and bonds have been lowered by two ratings agencies in large measure because of continuing financial problems with its Bojangles' chicken chain.

Moody's Investors Service Inc. said the company's subordinated notes, due 1991, had been downgraded to B2, from B1. Moody's also assigned B2 ratings to $50 million of senior subordinated debentures, due 1999, and $30 million of convertible subordinated debentures, due 2007. In all, $97 million in long-term debt was affected.

Standard & Poor's said it had lowered ratings on the company's $17 million 11-percent subordinated notes, due 1991, to B-minus, from B.

"Since its acquisition several years ago, the Bojangles' fast-food chain has been a losing operation in a troubled industry," said Standard & Poor.

McDonald's declines to call bonds

OAK BROOK, Ill. — McDonald's Corp., responding to alarm among some investors in its Eurobonds, said that its finance unit in the Netherlands Antilles had "no present intention" to call any of its publicly traded bonds because the United States canceled a tax treaty with the Antilles.

The decision by McDonald's was based on efforts by the U.S. Treasury to give relief to bond issuers and investors affected by the cancellation.

In late June the Treasury's decision to abrogate the treaty caused alarm among investors world-wide who feared higher tax charges and redemption of their bonds at lower prices.

Stuff Yer Face cuts losses

NEW BRUNSWICK, N.J. — Stuff Yer Face, the New Jersey stromboli sandwich chain, said it cut its net loss to $84,207 for the year ended March 31, compared with a $1.6 million loss the year before, through 36 percent reductions in both general and administrative expenses and operating expenses.

All four company units were renovated during the year. The company said it would expand by franchising.

Coco's licensee to expand to Korea

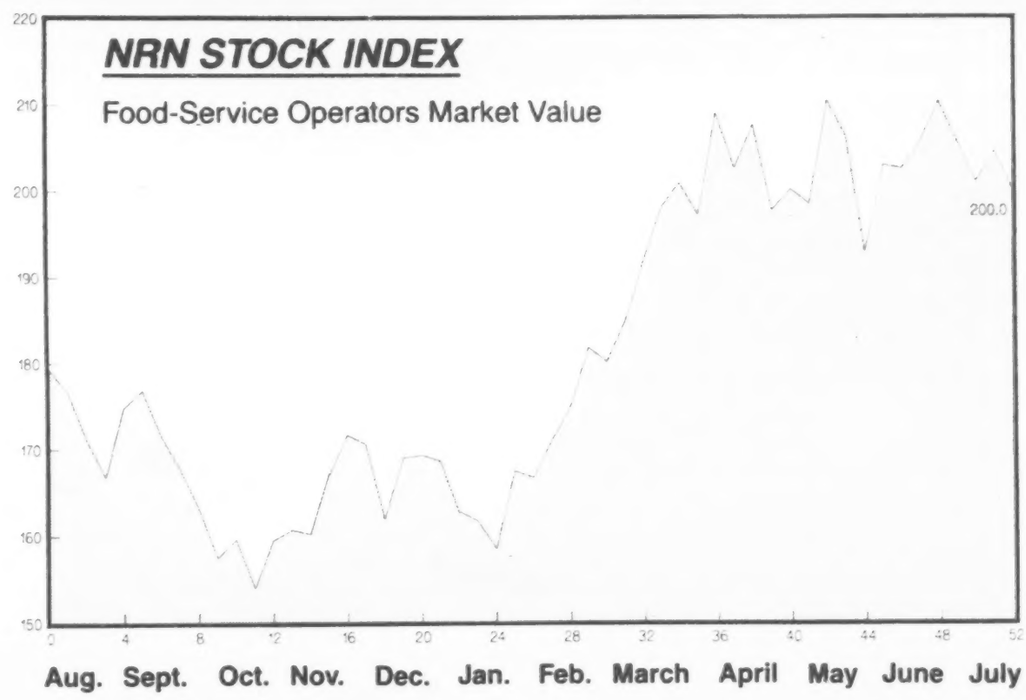
IRVINE, Calif. — Restaurant Enterprises Group Inc. said it had given its Coco's licensee in Japan permission to expand to Korea and open three units in time for the 1988 Olympics there.

The Japanese licensee, who operates and sublicenses 105 Coco's, will form a sub-licensing agreement with a major Korean retailer in Seoul, the capital city. In the United States there are 144 Coco's, all company-owned.

NOTES AND EXPLANATIONS: Market: N—New York Stock Exchange. A—American Stock Exchange. O—NASDAQ Over-The-Counter. M—NASDAQ National Market. **Reporting Period:** 3 mos.—First quarter of fiscal year. 6 mos.—First six months of fiscal year. 9 mos.—First nine months of fiscal year. fiscal—Fiscal year. NEW—New report since last issue. **General Field Footnotes:** NA—Not available or not applicable. NC—Data required for calculation currently incomplete in our files. NE—Negative earnings invalidate calculations. NM—No meaningful figure. a—stock dividend. b—cash plus stock dividend. **The Charts:** The *NRN* Stock Index calculates the per cent change in the market value of food-service operators since Oct. 28, 1983. The *NRN* Stock Index vs. Dow Jones Index calculates the relative performance of the two indexes from their levels of 52 weeks ago.

NRN STOCK INDEX

Food-Service Operators Market Value



Source: Media General Financial Services

Oct. 28, 1983 = 100

VOLUME TREND LEADERS

Sonesta Intl	M	445.5	Ritzys G D	M	158.7
Taco Villa	M	425.0	Marcus Corp	M	146.4
Calny Inc	M	356.4	Intl Multifood	N	125.5
Fast Food Oper	O	321.4	Canandaigua B	A	116.9
Manitowoc	M	230.2	Cucos Inc	O	95.2

TOP PERCENTAGE PRICE GAINERS

Stuff Yer Face	O	25.0	Ritzys G D	M	14.3
Fast Food Oper	O	20.0	Castle & Cooke	N	11.6
Taco Viva	M	18.2	Old Spag Wrehse	M	11.1
Bridgford Fds	M	16.7	Coors, Adolph	M	10.9
Tyson Food Inc	M	15.4	Hamborg Hamlet	M	10.0

TOP PERCENTAGE PRICE LOSERS

Maverick Rest	M	- 25.0	Capt Crab	M	- 10.0
Lifestyle Rest	A	- 16.7	Vie de France	M	- 10.0
Chefs Intl	O	- 16.7	Swensens Inc	O	- 9.1
Orange Julius	M	- 14.3	TCBY Enterprises	M	- 8.2
Fuddruckers Inc	M	- 11.1	Rudy's Restaurant	M	- 8.1

All figures represent weekly percentage change

Covering The Period 07/02/87 - 07/10/87

Name	Symbol	STOCK PRICE High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	VOLUME Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date
-	-	$	$	$	$	%	$	$	(100)	%	(100)	(100)	-	$	%	-
Restaurants - NRN Stock Index																
Am Restaurants	AMRS	.75	.75	.75	.00	.00	3.25	.75	2	.01	6	0	NE	.00	.0	00-00-00
Ark Restaur	RK	4.88	4.50	4.63	.00	.00	9.50	3.25	216	.56	63	43	NE	.00	.0	00-00-00
Assoc Hosts	AHST	11.25	10.88	11.00	-.25	-2.22	11.25	8.00	422	.93	91	84	NE	.12	1.1	06-09-87
Bob Evans Farms	BOBE	25.50	24.75	25.50	1.50	6.25	27.25	18.00	1,025	.45	372	205	26.8	.28	1.1	05-04-87
Bombay Palace	CURY	6.75	6.75	6.75	-.25	-3.57	8.50	4.00	156	.87	NC	31	22.5	.00	.0	00-00-00
Burger Kg MLP	BKP	17.13	16.13	16.38	-.50	-2.96	21.88	15.75	943	2.03	109	189	11.9	1.89	11.5	06-01-87
Calny Inc	CLNY	11.38	10.50	11.38	.88	8.33	12.13	6.75	5,410	11.41	445	1,082	NE	.16	1.4	04-23-87
Capt Crab	CRAB	.69	.56	.56	-.06	-10.00	1.13	.56	1,458	.92	299	292	28.1	.00	.0	00-00-00
Chefs Intl	CHEF	.38	.31	.31	-.06	-16.67	.50	.09	1,310	.68	378	262	NE	.00	.0	00-00-00
Chi-Chi's	CHIC	7.75	7.13	7.63	.50	7.02	9.50	6.50	9,504	3.50	1,847	1,901	NE	.00	.0	09-28-83
Chili's Inc	CHLI	35.75	35.13	35.13	-.88	-2.43	36.00	18.75	754	1.34	500	151	31.6	.00	.0	00-00-00
Churchs Fr Ch	CHU	11.63	10.50	11.63	.75	6.90	14.63	9.50	12,874	3.44	1,912	2,575	46.5	.46	4.0	07-27-87
Collins Foods	CF	21.38	20.75	20.75	-.75	-3.49	23.38	14.13	2,660	1.20	580	532	15.7	.12	.6	06-22-87
Consol Prods	COPI	4.50	4.50	4.50	.00	.00	5.00	2.63	49	.15	32	10	9.6	.08	1.8	02-25-87
Consul Rest	CNSL	1.25	1.13	1.25	.00	.00	3.13	1.00	487	1.01	137	97	NE	.00	.0	00-00-00
Cracker Barrel	CBRL	18.25	17.75	18.25	.75	4.29	19.00	9.66	306	.57	184	61	23.1	.10	.5	06-05-87
Cucos Inc	CUCO	2.25	2.25	2.25	.00	.00	4.00	2.00	86	.41	31	17	NE	.00	.0	00-00-00
Dunkin Donuts	DUNK	28.25	27.00	28.25	1.00	3.67	35.63	26.25	2,285	3.14	398	457	16.8	.32	1.1	08-10-87
El Chico	ELCH	5.88	5.50	5.50	-.38	-6.38	7.00	3.50	425	.91	153	85	NE	.00	.0	01-04-84
El Pollo Asa	EPAI	5.50	5.25	5.38	.00	.00	8.13	4.63	443	1.18	187	89	76.8	.00	.0	06-25-85
Family Steak Hou	RYFL	8.88	7.75	8.63	.63	7.81	10.16	2.50	3,932	8.27	624	786	NM	.00	.0	06-11-87
Famous Rest	FAMS	2.94	2.81	2.94	.13	4.44	3.06	1.69	502	.84	223	100	NE	.00	.0	00-00-00
Fast Food Oper	POPI	.19	.16	.19	.03	20.00	.69	.16	698	1.18	55	140	NE	.00	.0	00-00-00
Foodmaker	JIB	13.38	13.00	13.25	.13	.95	14.38	11.00	559	.45	NC	112	14.4	.00	.0	00-00-00
Frisch's	FRS	35.00	33.63	33.75	-.25	-.74	40.66	28.75	131	.28	47	26	48.2	.22	.7	06-26-87
Fuddruckers Inc	FUDD	2.81	2.50	2.50	-.31	-11.11	4.25	1.38	1,510	2.23	368	302	NE	.00	.0	00-00-00
Hamburg Hamlet	HAMB	6.00	5.25	5.50	.50	10.00	6.75	4.00	56	.17	15	11	34.4	.00	.0	07-09-86
Intl Dairy Queen a	INDQA	32.50	31.50	32.50	1.00	3.17	34.50	22.00	443	.46	103	89	23.7	.00	.0	00-00-00
Intl Kings Tab	IKNG	18.00	16.75	18.00	1.25	7.46	26.50	14.00	921	3.18	240	184	19.4	.00	.0	09-11-84
JB Restaurant	JBBB	6.13	5.88	5.88	-.38	-6.00	7.50	5.00	1,261	2.56	269	252	49.0	.00	.0	02-10-86
Jerrico Inc	JERR	21.75	21.13	21.75	.38	1.75	25.38	17.88	8,993	4.23	1,551	1,799	16.6	.16	.7	05-04-87
Kapok Cp	KPK	4.13	3.75	4.00	.13	3.23	5.13	2.00	171	.70	31	34	NE	.00	.0	00-00-00
Karcher Carl	CARL	27.13	26.75	27.00	.50	1.89	27.75	13.63	1,633	2.30	366	327	NE	.00	.0	02-16-83
Lifestyle Rest	LIF	1.06	.94	.94	-.19	-16.67	1.75	.69	309	.54	72	62	NE	.00	.0	00-00-00
Luby's Cafe	LUB	31.00	29.88	30.75	.13	.41	32.88	25.00	475	.26	181	95	24.0	.50	1.6	09-04-87
Marcus Corp	MRCS	18.00	17.25	18.00	.00	.00	18.75	13.44	547	.69	86	109	17.1	.22	1.2	07-13-87
Marriott Corp	MHS	38.75	36.75	38.38	.38	.99	43.75	27.38	27,215	2.08	3,243	5,443	24.9	.16	.4	06-26-87
Maverick Rest	MAVR	1.00	.75	.75	-.25	-25.00	1.88	.63	4	.01	34	1	NE	.00	.0	00-00-00
Max & Erma's	MAXE	2.50	2.38	2.50	.13	5.26	2.63	1.25	109	.73	33	22	41.7	.00	.0	00-00-00
McDonald's Cp	MCD	53.63	51.88	52.50	-1.00	-1.87	57.94	36.94	32,386	1.70	7,193	6,477	20.6	.50	1.0	06-23-87
McFaddin Ven	MV	1.00	.94	.94	.00	.00	4.75	.88	47	.09	50	9	NE	.00	.0	00-00-00
Morrison Inc	MORR	30.25	29.88	30.13	-.25	-.82	31.00	21.13	2,061	1.43	499	412	20.1	.48	1.6	07-13-87
Morgan's Food	MR	2.00	1.88	2.00	.00	.00	2.38	1.25	260	.27	133	52	25.0	.00	.0	00-00-00
Jamco Inc	MSST	.88	.83	.88	.00	.00	1.25	.38	176	.37	145	35	NE	.00	.0	03-26-84
Nathans	NATH	8.50	8.25	8.25	.00	.00	8.50	4.00	6	.03	77	1	20.6	.07	.8	07-21-86
Natl Pizza	PIZA	18.38	17.75	18.38	.38	2.08	18.38	13.00	499	.61	132	100	20.9	.00	.0	05-02-86
Old Fashion Fd	OFFI	6.00	5.50	6.00	.00	.00	6.00	4.25	37	.27	26	7	14.3	.00	.0	00-00-00
Old Spag Wrehse	OSWI	7.50	6.75	7.50	.75	11.11	7.50	3.25	139	.93	47	28	NE	.00	.0	00-00-00
Pancho Mex Buffet	PAMX	13.75	13.50	13.75	.13	.92	15.75	9.50	54	.13	133	11	21.2	.13	.9	08-29-86
Panteras Cp	PANT	14.88	14.38	14.63	.13	.86	15.25	5.00	2,267	4.04	343	453	48.8	.00	.0	06-12-84
Perkin Fam	PFR	10.75	10.13	10.38	-.25	-2.35	13.13	10.13	410	.41	NC	82	23.6	.85	8.2	06-24-87
Piccadilly Caf	PICC	20.25	20.00	20.00	.00	.00	25.75	18.75	354	.37	164	71	32.3	.48	2.4	06-08-87
Pizza Inn	PZA	19.25	17.25	18.25	.00	.00	19.25	8.75	1,071	3.22	208	214	NE	.08	.4	07-21-86
Po-Folks	POFO	4.25	4.00	4.00	.25	6.67	7.38	2.38	1,225	2.77	120	245	NE	.00	.0	00-00-00
RAX Restaurants	RAXR	5.38	5.13	5.13	-.25	-4.65	7.50	4.63	371	.53	143	74	NE	.00	.0	00-00-00
Rest Assoc B	RAB	11.13	10.63	10.75	-.38	-3.37	11.88	8.13	211	.68	28	42	8.7	.30	2.8	03-09-87
Rest Mgmt	RESM	10.00	10.00	10.00	.00	.00	11.88	7.25	177	.42	111	35	20.4	.07	.7	07-02-87
Restec	RTEC	2.75	2.75	2.75	.00	.00	3.00	2.75	5	.03	6	1	NE	.00	.0	00-00-00
Ritzys G D	RITZ	1.13	1.00	1.00	.13	14.29	1.75	.88	732	1.19	59	146	NE	.00	.0	11-25-83
Rudy's Restaurant	RUDY	4.63	4.25	4.25	-.38	-8.11	6.13	3.50	162	.46	54	32	NE	.00	.0	00-00-00
Rusty Pelican	RSTY	8.38	8.38	8.38	.00	.00	10.00	5.00	207	.73	169	41	52.3	.00	.0	00-00-00
Ryans Family	RYAN	14.25	13.63	14.13	.63	4.63	14.63	6.66	22,709	4.37	3,587	4,542	52.3	.00	.0	05-21-87
Sandwich Chef	SHEF	7.50	7.25	7.25	-.13	-1.69	8.88	5.25	111	.89	34	22	NE	.00	.0	00-00-00
Sbarro Inc	SBA	23.00	22.25	22.88	-.13	-.54	24.75	11.00	383	.44	143	77	37.5	.00	.0	07-11-86
Sea Galley	SEAG	2.88	2.50	2.63	-.13	-4.55	3.50	1.88	439	1.51	127	88	NE	.00	.0	06-02-81
Shoney's Inc	SHON	29.63	28.50	29.25	.00	.00	33.25	24.00	4,879	1.35	1,081	976	23.8	.16	.5	06-12-87
Shoney's South	SHNS	13.13	12.75	13.00	.63	5.05	15.50	10.50	1,943	2.71	280	389	18.8	.00	.0	10-02-84
SIS Cp	SISB	5.25	4.75	5.25	.00	.00	8.00	4.25	34	.22	20	7	NE	.00	.0	00-00-00
Sizzler Rest	SIZZ	19.50	19.00	19.50	.00	.00	23.25	13.75	1,464	.84	525	293	24.4	.00	.0	09-17-86
Skippers	SKIP	8.25	8.00	8.25	.25	3.13	10.13	7.38	201	.74	54	40	NE	.08	1.0	04-03-87
So Hospitality	SHOS	2.50	2.25	2.25	-.13	-5.26	4.50	2.13	604	1.21	90	121	NE	.00	.0	00-00-00
Stuff Yer Face	STUF	.16	.13	.16	.03	25.00	.25	.13	225	.15	68	45	NE	.00	.0	00-00-00
Swensens Inc	SWEN	1.38	1.25	1.25	-.13	-9.09	1.38	.63	380	.85	32	76	NE	.00	.0	00-00-00
Sybra Inc	SIBR	13.25	12.75	13.00	.25	1.96	13.50	10.00	67	.33	22	13	11.1	.00	.0	00-00-00
Taco Villa	TVLA	4.00	2.88	3.50	.00	.00	4.25	2.00	538	.63	14	108	NE	.00	.0	00-00-00
Taco Viva	TVIV	1.63	1.38	1.63	.25	18.18	2.75	1.00	15	.05	45	3	NE	.00	.0	04-01-85
TGI Friday's	TGI	9.38	9.00	9.13	.00	.00	10.75	6.50	430	.38	173	86	53.7	.00	.0	00-00-00
TCBY Enterprises	TCBY	15.00	13.00	14.00	-1.25	-8.20	19.34	10.50	8,257	3.19	1,659	1,651	35.0	.00	.0	04-27-87
TW Services	TW	19.25	18.25	18.88	-.25	-1.31	19.63	14.13	14,372	2.96	NC	2,874	60.9	.05	.3	05-11-87
Twistee Treat	TWST	2.25	2.13	2.19	.00	.00	4.44	1.94	2,891	1.61	839	578	NE	.00	.0	00-00-00
Two Peso	PESO	11.50	11.00	11.00	-.25	-2.22	12.75	7.50	456	.67	NC	91	NM	.00	.0	00-00-00
USACafes	USF	9.38	8.88	9.00	.00	.00	10.50	6.50	285	.44	157	57	10.5	.89	9.9	06-24-87
Vicorp Restaurants	VRES	10.25	10.13	10.13	-.13	-1.22	17.13	9.50	3,596	4.21	684	719	NE	.00	.0	07-09-86
Wendys Intl	WEN	11.13	10.25	11.00	.25	2.33	14.50	9.00	15,382	1.61	4,190	3,076	NE	.24	2.2	05-05-87
Wstn Steer	WSMP	13.00	12.00	13.00	1.09	9.19	13.00	8.81	222	.95	67	44	18.8	.16	1.2	07-16-87
Winners Cp	WNR	3.75	3.38	3.38	-.25	-6.90	5.00	2.63	172	.43	83	34	NE	.00	.0	03-10-83

Covering The Period 07/02/87 - 07/10/87

Name	Symbol	STOCK PRICE High	Low	Close	Change Amt	Change Pct	52-Week High	52-Week Low	VOLUME Total Volume This Period	% Shrs. Outstanding	Average Daily Vol. Last 52 Week	Average Daily Vol. This Period	P/E Latest P/E Ratio	DIVIDENDS Indicated Dvd. Rate Amt.	Indicated Dvd. Rate Yield	Last X-Dvd. Date
-	-	$	$	$	$	%	$	$	(100)	%	(100)	(100)	-	$	%	-
Hotels, Motels, and Casinos																
Brock Hotel	BHC	8.75	8.63	8.75	.00	.00	11.38	7.50	575	.88	155	115	NE	.00	.0	06-26-86
Club Med	CMI	25.38	25.00	25.00	-.13	-.50	29.25	21.25	423	.31	128	85	18.8	.20	.8	01-29-87
Golden Nugget	GNG	13.38	12.63	12.88	-.50	-3.74	13.88	9.13	12,534	3.64	1,628	2,507	3.4	.00	.0	07-18-83
Hilton Hotels	HLT	89.50	86.75	88.25	.63	.71	91.75	62.75	2,624	1.06	576	525	21.1	1.80	2.0	06-01-87
Holiday Cp	HIA	27.88	26.00	27.25	.50	1.87	27.88	11.63	8,463	3.61	NC	1,693	NA	.00	.0	00-00-00
La Quinta Inns	LQM	14.38	14.13	14.25	-.13	-.37	14.63	11.25	508	.37	434	102	33.9	.00	.0	02-09-82
Prime Mtr Inns	PDQ	43.00	40.88	43.00	1.63	3.93	46.50	24.50	2,987	1.02	1,087	597	26.4	.08	.2	06-26-87
Ramada Inc	RAM	8.88	8.38	8.50	-.13	-1.45	9.50	6.00	12,836	3.23	2,121	2,567	31.5	.00	.0	10-19-81
Resorts Intl A	RTA	60.63	58.88	59.63	-1.38	-2.25	66.00	42.75	1,294	2.28	396	259	NE	.00	.0	00-00-00
Servico Inc	SRVI	17.00	16.00	16.00	-.75	-4.48	22.25	15.75	43	.11	40	9	NM	.00	.0	08-01-85
Sonesta Intl	SNSTA	17.13	15.50	17.13	-.88	-4.86	22.00	11.00	183	.60	6	37	2.7	.20	1.2	06-08-87
Utd Inns	UI	35.38	35.38	35.38	.00	.00	46.00	32.38	32	.12	46	6	NE	.00	.0	08-25-86
Other Cos - Food-Service Oper.																
Allegheny Bev	ABEV	14.13	12.88	13.50	1.00	8.00	15.75	4.75	7,440	9.07	1,061	1,488	NE	.00	.0	10-14-86
Benihana Natl	BNHN	4.13	3.75	4.13	.06	1.54	9.00	3.38	640	1.87	135	128	NE	.00	.0	00-00-00
Disney Walt Co	DIS	72.00	69.75	70.50	-.50	-.70	73.25	36.00	13,493	1.03	4,826	2,699	28.2	.32	.5	06-01-87
Flanigan Ents	QBDL	5.88	5.75	5.88	.00	.00	6.75	3.50	5	.05	10	1	45.2	.00	.0	00-00-00
Gen Mills	GIS	56.13	54.75	55.00	-.50	-.90	58.88	37.38	11,137	1.26	2,863	2,227	22.0	1.60	2.9	07-06-87
Grace W R	GRA	67.13	64.13	65.00	-.13	-.19	69.00	45.25	10,167	2.45	2,481	2,033	NE	2.80	4.3	07-31-87
Hershey Foods	HSY	28.25	26.50	28.00	.50	1.82	29.88	21.00	5,362	.59	1,712	1,072	18.8	.54	1.9	05-18-87
Horn & Hardart	HOR	12.75	11.75	11.75	-.88	-6.93	19.25	10.63	2,304	1.60	1,270	461	NE	.00	.0	08-15-84
LDBrinkman Cp	LDBC	6.63	6.38	6.38	-.38	-5.56	7.75	4.88	4,082	6.80	325	816	27.7	.00	.0	00-00-00
Ogden Corp	OG	36.00	34.13	35.25	-.50	-1.40	36.63	18.69	3,886	1.01	1,812	777	11.3	1.00	2.8	07-06-87
Orange Julius	OJAYE	3.13	2.75	3.00	-.50	-14.29	8.25	2.63	63	.36	41	13	NE	.00	.0	00-00-00
PepsiCo Inc	PEP	39.75	37.38	39.38	1.25	3.28	39.75	24.50	37,407	1.44	8,277	7,481	22.5	.68	1.7	06-08-87
Pillsbury Co	PSY	44.63	43.00	44.25	.25	.57	46.13	32.44	10,985	1.27	2,848	2,197	21.1	1.00	2.3	07-28-87
RJR Nabisco	RJR	58.25	52.63	57.75	4.50	8.45	65.63	44.88	64,828	2.59	6,843	12,966	13.3	1.92	3.3	08-04-87
Southland Corp	SLC	79.13	76.50	77.75	-1.25	-1.58	80.25	44.00	45,932	9.51	3,819	9,186	12.3	.00	.0	05-26-87
Vie de France	VDEF	6.00	5.63	5.63	-.63	-10.00	6.50	4.63	185	.18	194	37	56.3	.23	4.1	06-22-87
Manufacturers and Distributors																
Alco Standard	ASN	30.00	28.38	29.25	1.13	4.00	30.00	18.50	4,575	1.05	618	915	20.3	.64	2.2	06-29-87
Angelica	AGL	28.50	28.00	28.50	.00	.00	29.50	22.00	390	.42	171	78	15.3	.72	2.5	06-09-87
Anheuser Bu	BUD	35.88	33.75	35.75	1.75	5.15	36.63	22.94	30,135	1.12	6,908	6,027	20.1	.48	1.3	05-04-87
Borden Inc	BN	59.38	57.63	58.13	-1.50	-2.52	63.63	40.00	8,336	1.13	1,719	1,667	18.7	1.28	2.2	05-04-87
Bridgford Fds	BRID	12.50	10.50	12.25	1.75	16.67	12.25	5.50	29	.23	5	6	12.4	.00	.0	06-04-82
Campbell Soup	CPB	64.75	62.75	63.50	-1.25	-1.93	70.75	52.75	2,866	.44	945	573	18.3	1.44	2.3	06-30-87
Canandaigua B	CDGB	16.00	14.50	15.75	.25	1.61	38.50	14.50	266	1.41	18	53	14.2	.00	.0	00-00-00
Castle & Cooke	CKE	26.50	23.63	26.50	2.75	11.58	26.50	15.25	4,916	1.04	1,438	983	47.3	.00	.0	09-03-82
Clorox Co	CLX	30.88	29.75	30.88	.25	.82	33.75	22.50	9,568	1.79	1,575	1,914	16.0	.88	2.9	06-02-87
Coca Cola Co	KO	47.38	43.00	47.00	2.63	5.92	49.00	32.88	62,501	1.62	8,715	12,500	18.9	1.12	2.4	06-09-87
Coors, Adolph	ACCOB	24.38	21.63	24.25	2.38	10.86	30.88	21.63	10,064	2.77	1,505	2,013	14.8	.50	2.1	01-26-87
ConAgra	CAG	31.50	30.25	31.00	-.25	-.80	34.00	24.81	7,466	1.12	1,610	1,493	16.8	.58	1.9	07-20-87
Corning Glass	GLW	63.50	61.63	63.25	.50	.80	67.50	46.63	6,005	1.29	1,884	1,201	18.5	1.40	2.2	08-31-87
CPC Intl Inc	CPC	55.25	52.50	53.00	-2.50	-4.50	58.00	28.25	9,667	1.18	5,862	1,933	13.0	1.24	2.3	03-25-87
Dean Foods	DF	36.88	35.13	36.00	-.25	-.69	38.50	25.13	1,140	.43	343	228	23.5	.54	1.5	05-18-87
Doskocil Cos	DOSK	9.75	9.50	9.75	.38	4.00	16.88	8.75	191	.32	69	38	65.0	.00	.0	04-21-87
Ecolab Inc	ECL	29.00	28.00	28.63	.13	.44	31.50	20.75	3,776	1.39	927	755	17.5	.58	2.0	06-17-87
Fleming Cos	FLM	39.50	38.50	39.50	.13	.32	45.88	31.00	2,960	1.34	550	592	21.8	1.00	2.5	08-14-87
Fort Howard	FHP	55.25	51.88	55.00	1.88	3.53	59.00	42.88	5,288	.79	1,379	1,058	25.6	1.08	2.0	06-29-87
Heinz, HJ	HNZ	48.38	47.00	47.75	-.50	-1.04	50.50	38.25	8,728	.67	2,451	1,746	19.3	1.12	2.3	06-16-87
Hormel, George	HRL	25.38	24.38	25.13	.75	3.08	25.38	14.81	1,076	.14	200	215	24.4	.30	1.2	07-13-87
Intl Multifood	IMC	39.25	36.63	38.63	2.00	5.46	39.25	22.50	9,096	6.27	493	1,819	10.1	1.18	3.1	06-22-87
James River	JR	34.00	32.38	33.63	1.13	3.46	43.75	25.00	12,946	1.57	3,145	2,589	16.6	.40	1.2	07-17-87
Kellogg	K	66.50	64.25	64.88	-1.50	-2.26	68.75	42.25	6,571	.53	1,822	1,314	23.1	1.36	2.1	05-28-87
Kraft Inc	KRA	61.25	59.63	61.00	-.25	-.41	65.00	47.13	12,011	.89	3,666	2,402	23.3	1.88	3.1	05-12-87
Litton Ind	LIT	107.00	100.25	103.25	-1.25	-1.20	108.00	71.75	5,676	2.21	915	1,135	21.1	.00	.0	05-21-85
Manitowoc	MANT	21.00	20.75	20.75	-.25	-1.19	21.00	16.00	5,347	4.92	409	1,069	NE	.80	3.9	05-26-87
McCormick	MCCRK	48.75	48.38	48.63	.25	.52	49.00	39.00	802	.67	436	160	17.4	1.00	2.1	06-17-87
Oneida Ltd	OCQ	17.88	17.00	17.00	-.50	-2.86	17.91	7.91	968	1.13	195	194	NE	.40	2.4	07-15-87
Philip Morris	MO	98.75	91.25	96.88	4.75	5.16	98.75	63.00	52,727	2.22	8,125	10,545	14.9	3.00	3.1	06-09-87
Proct & Gambl	PG	95.63	93.38	95.00	1.00	1.06	99.38	65.88	21,669	1.29	3,661	4,334	20.8	2.70	2.8	04-20-87
Quaker Oats	OAT	52.50	50.50	52.13	.50	.97	57.63	32.63	17,895	2.27	2,318	3,579	16.7	.80	1.5	06-17-87
Ralston Purina	RAL	85.88	83.13	83.50	-1.13	-1.33	89.13	60.00	8,471	1.11	1,920	1,694	15.4	1.24	1.5	07-28-87
Reynolds Metal	RLM	50.25	43.50	48.13	4.13	9.38	50

NEWSPAPER

Cleveland waterfront new home to Shooters

Walkup's Midwest Report/Page 33

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NR
MS. JEANNE LONG
CONGRESSIONAL INFO. SERV 12C
4520 EAST-WEST HIGHWAY
BETHESDA MD 20814
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Nation's Restaurant News®

NATION'S RESTAURANT NEWS 20 1967-1987

The Weekly Newspaper of the Food-Service Industry

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Growth rate slumps at *NRN* Top 100

Titans face desperate battle for market share

By Peter J. Romeo
from staff reports

A vexing softness in customer traffic is humbling all but a handful of the food-service industry's largest and mightiest operations, slowing their 1987 sales growth rate to the lowest level in years.

Nation's Restaurant News' 15th annual Chain Analysis report, a comprehensive ranking and assessment of food service's behemoths, finds the titans locked in a desperate market-share battle waged with a multitude of new products and widespread discounting.

Squeezed from below by gangs of up-and-comers and from above by gargantuan McDonald's, many of the powerhouses are seeking relief in new arenas sometimes far afield from their traditional markets.

ARA Services, for instance, has branched beyond contract feeding to launch a new social catering business called Classic Fare. ARA is also delivering pizzas and testing video cassette vending machines.

Marriott Corp., second only to McDonald's in the ranking of food-service companies, has created a new division to develop and operate food courts.

And even McDonald's, by far and away the industry's leader in chainwide sales, is testing the waters of the lucrative pizza market with a new product called McPizza.

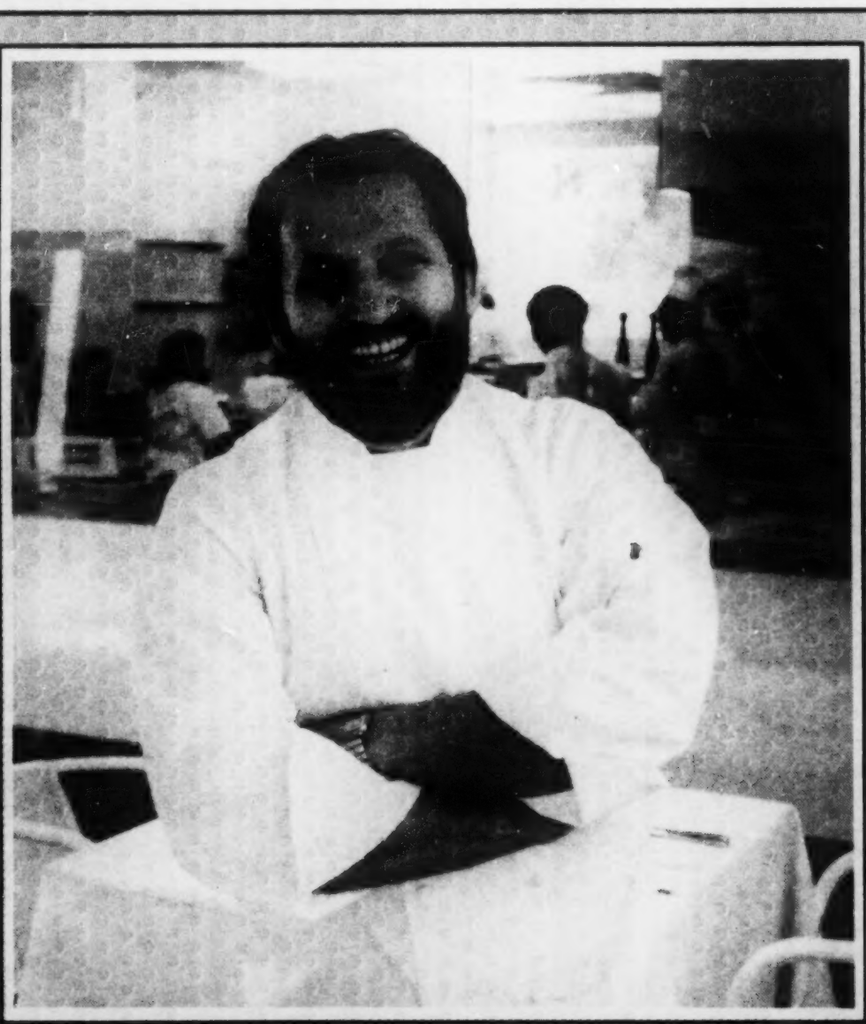
The new endeavors underscore the radical changes re-

(See page F20)

Top 100 highlights

Total systemwide sales: **$74 billion**
Average sales per unit: **$1.4 million**
Total number of units: **107,254**
Largest chain: **McDonald's**
Largest segment: **hamburgers**

Full report begins on page F1



NRN Photo

Citrus' chef-owner Michel Richard.

Citrus' sizzle returns French to the forefront

By Richard Martin

LOS ANGELES — Only a few years ago some glib food pundits were sounding a death knell for French restaurants. Too haughty, too expensive, too filling to survive in the "lite" and casual '80s, they claimed.

However, like many creative defiant French-born restaurateurs, chef Michel Richard refused to be stuffed into anyone's preconceived notions of culinary correctness.

(See page F16)

Carl's Jr. tests country steak

Attempts to keep turnaround momentum going

NRN *West Coast Bureau*

ANAHEIM, Calif. — Carl Karcher Enterprises, buoyed by soaring sales throughout its 436-unit Carl's Jr. fast-food chain, has begun a large-scale test of a $1.95 country-fried steak sandwich.

Launched on the heels of Karcher's best earnings in two years, the 131-unit test is expected to reinforce the turnaround momentum generated by a massive campaign of store remodelings, a new unlimited self-service beverage bar, and a variety of well-promoted new menu items.

The total effect of menu and store enhancements and upbeat new advertising has been a whopping 18-percent rise in same-store sales through a 20-week period ended in July, compared with the same period last year, according to marketing vice president Robert W. Wisely.

"It's a bona fide turn-

(See CARL'S, page 85)

Canada proposes capping writeoff for business meals

By Rick Van Warner

OTTAWA — A coalition of restaurant, hotel, and tourism associations is fighting a proposal here inspired by the new U.S. law limiting tax deductions for business meals.

Like the U.S. rule, which took effect Jan. 1, the proposal limits expense-account deductions to 80 percent of the cost of the meal. The fact that the U.S. cap on business meal write-offs apparently hasn't yet affected restaurant sales has made the coalition's battle even tougher, according to industry officials here.

"I don't think that many companies will feel it [the reduced deduction] until they pay their taxes," said Douglas Needham, executive vice president of the Canadian Restaurant and Foodservices Association. "We've got a tough battle. The fact that it's passed in the United States and has not yet had a visible effect on the industry hurts us. The impact argument isn't working for us."

The Canadian proposal, introduced by finance minister Michael Wilson, deems that business meals involve personal consumption and therefore shouldn't be fully deductible. Part of an overall tax reform package, it would

(See CANADA, page 185)

FOOD WATCH

A taste of Texas

NEW YORK — The Big Apple got a "Taste of Texas" recently as 36 Texas food and beverage companies traveled 1,600 miles to show off authentic Lone Star state "eats and drinks" in Manhattan's Puck Building.

The traveling road show, which made pit stops in Boston in 1984 and Chicago in 1985, introduced 600 of New York's food and beverage buyers, grocery retailers, specialty shop owners, restaurateurs, and wine stewards to grown-and-made-in-Texas specialties.

Participants featured such Tex-Mex fare as hot tamales, mesquite-grilled fajitas, barbecued brisket, poppy seed salad dressing, smoked sausage, chili, Spanish rice, carne guisada, pinto beans, guacamole salad, tortilla chips, flour tortillas, picante sauces, sweet onions, pickled okra, jalapeño jelly, pecans, longneck beer, wines, and spring water.

"A whole lot of Texas was introduced to New Yorkers who are more familiar with pastrami and rye than with fajitas and pickled okra," said Texas Agriculture commissioner Jim Hightower.

And if the crowd's strong reaction to the food, beverages, Country Western bands and armadillo races is any indication, the culture of Texas are still hot in New York.

—Ken Frydman

NRN READERS PICK 1987 MUFSO GOLDEN CHAIN WINNERS — Page 2

NEWS DIGEST

0.6

WALL STREET UPDATE

Index edges up 0.6 points

NEW YORK — The *Nation's Restaurant News* Stock Index edged up 0.6 points in the week ended July 24 and closed at 200.6. Price-change losers beat the winners, 77 to 54, with 29 unchanged.

(See stocks table, page 186)

Beverly Hills smoke ban relaxed

BEVERLY HILLS, Calif. — Bowing to restaurants' complaints of severely depressed sales, the city council here has reversed its landmark smoking ban, immediately allowing eating establishments to set aside half their service areas for smokers. The revised ordinance requires places with more than 50 seats to install filtration systems to keep smoke from entering nonsmoking areas.

Mister Donut, Tastee-Freez pair up

UTICA, Mich. — Mister Donut said it would pair several of its 600 donut shops with outlets of Tastee-Freez, the 500-store soft-serve ice cream maker, in a bid to raise afternoon and evening sales. A subfranchising agreement grants Mister Donut rights to license Tastee Freezes in Minnesota, Ohio, and southeastern Florida.

NRA joins insurance group

WASHINGTON — The National Restaurant Association has agreed to join a consortium of trade associations offering members low-cost group insurance for liquor liability. Seagram Co., a liquor supplier, is underwriting the venture.

Shoney's tests fajitas, taco bar

MEMPHIS, Tenn. — Shoney's, the No. 3 coffee-shop chain, is testing fajitas, a taco bar, and several additions to its breakfast buffet, analysts said. The chain has also attempted to broaden its market through recent additions of baked and grilled entrées.

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Burger King reviews contract with Pepsi-Cola syrup supplier

By Marilyn Alva

MIAMI — Burger King said it was reviewing its contract with its Pepsi-Cola syrup supplier and will make a decision within the month on whether to switch to Coca-Cola when the contract expires next summer.

If Burger King goes with Coca-Cola, it would be joining industry leader McDonald's, which has had a long relationship with the beverage giant, and Wendy's, which switched to Coca-Cola after PepsiCo increased its presence in the fast-food business last year with its acquisition of Kentucky Fried Chicken.

In addition to KFC, PepsiCo is the parent company of two other major restaurant chains, Taco Bell and Pizza Hut.

Robert Barney, Wendy's chairman, said that he was "sickened" by Taco Bell's anti-hamburger advertising.

Joyce Myers, a spokeswoman for Burger King, said a decision to change suppliers is "obviously a possibility" but declined to comment further. She said, "The decision making is being done by senior management."

Myers said a decision would be reached by the end of August or early September.

Burger King's relationship with Pepsi goes back to 1983, when Edwin Mellett, then president of Pepsi-Cola's fountain food services division, lured it away from Coca-Cola. Since then, ironically, Mellett was persuaded to join Coca-Cola and is now president of Coca-Cola USA.

Coca-Cola holds an approximate 60-percent share of foodservice fountain syrup business compared with close to 30 percent for Pepsi-Cola.

Spaghetti Warehouse launches Feast

By Karen Bruno

DALLAS — The Spaghetti Warehouse, a nine-unit chain based here, is boosting its receipts with a new menu item—The Ultimate Italian Feast for Two.

The $14.95 platter includes meatballs, Italian sausage, cannelloni, chicken parmigiana, spaghetti, soup or salad, and sourdough bread. The platter price covers two people.

The Feast, which has been in test since April, will be added to all nine Spaghetti Warehouse units and to two units opening in Memphis, Tenn., and Atlanta, Ga., this month.

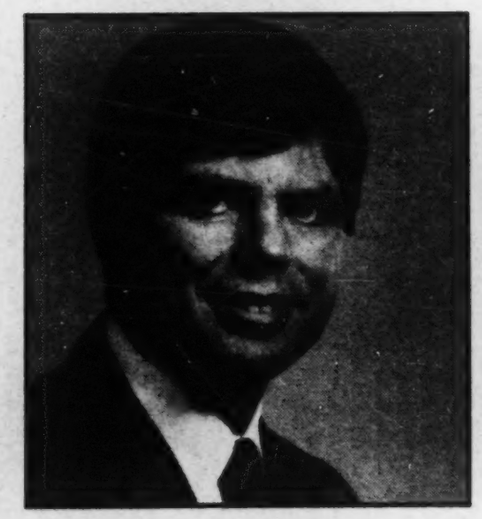
"Check averages have been $1 more for guests who order The Ultimate Feast," said Robert Gilka, director of marketing for the chain. In May the nine restaurants sold 2,000 platters of the Feast.

The $18 million chain currently has units in major cities in Texas, Ohio, and Florida.

Eugene Bishop

Herman Cain

Jack Laughery



James Maynard

Thomas Monaghan

Robert Rosenberg

Readers select Golden Chain winners

NEW YORK — Six chief executives of major food-service chains have been chosen as *Nation's Restaurant News*' Multi-Unit Food Service operators of the year by a ballot of *NRN*'s readers. They were selected from an original 12 nominees.

MUFSO '87

Over 1,000 NRN readers voted and sent in their ballots. They selected these six 1987 MUFSO Golden Chain winners:

- Eugene Bishop, president of Morrison Inc., Mobile, Ala.
- Herman Cain, president of Godfather's Pizza, Omaha, Neb.
- Jack Laughery, chairman of Imasco U.S.A. (Hardee's, Grisanti's), Rocky Mount, N.C.
- James Maynard, chairman of the Golden Corral Corp. (Golden Corral Steak Houses, Oh! Brian's theme restaurants), Raleigh, N.C.
- Thomas Monaghan, chairman and president, Domino's Pizza, Ann Arbor, Mich.
- Robert Rosenberg, chairman of Dunkin' Donuts, Randolph, Mass.

The MUFSO Academy of all previous MUFSO Golden Chain and MUFSO Operator of the Year winners dating back to 1971 will now select a 1987 MUFSO Operator of the Year, to be honored along with the 1987 Golden Chain winners, at the annual MUFSO awards banquet Tuesday evening, Sept. 29, in the Century Plaza Hotel, Los Angeles.

Details and registration information on the MUFSO conference are available from Chris Hernandez, at (212) 371-9400, ext. 282 or 283.

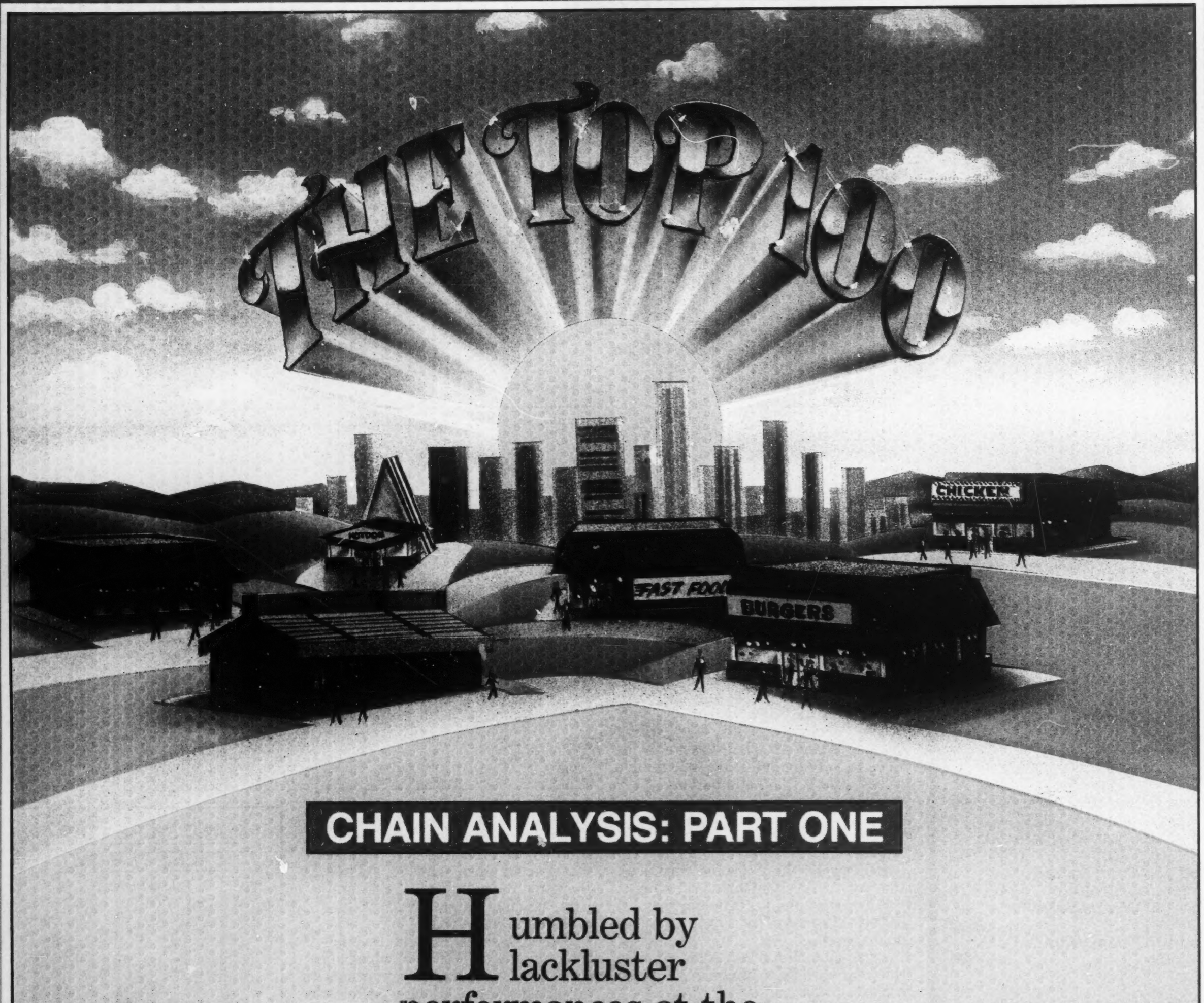
Solve the labor crisis

Everyone talks about the labor crisis and the shortage of quality employees in all age groups. But how many people do anything about it?

If you have a solution that has worked or an idea on how to improve the situation, please send your views to Labor Crisis Editor, *Nation's Restaurant News*, 425 Park Avenue, New York, N.Y. 10022. Your views will be published.

Nation's Restaurant News

FOCUS



CHAIN ANALYSIS: PART ONE

Humbled by lackluster performances at the unit level, *NRN's* Top 100 Chains are raising systemwide sales this year to $74 billion, for the slowest annual rate of growth in several years.

FOCUS | NRN

MCDONALD'S TOPS THE NRN TOP 100

Hardee's beats Wendy's for 4th place in systemwide sales rankings for chains; PepsiCo outstrips Pillsbury for 3rd in companies listed by food-service revenue

NRN Special Report

McDonald's, both the chain and the company, again tops *Nation's Restaurant News'* Top 100 rankings.

But among the chains, Wendy's and Hardee's are locked in a battle for fourth place, behind Burger King and Kentucky Fried Chicken.

And among the companies, PepsiCo edges past Pillsbury for third place while Marriott remains safe at second.

Burger King, KFC dwarfed

McDonald's takes the top spot among chains, with projected systemwide U.S. sales of $14.1 billion this fiscal year, dwarfing Burger King's second-place $5.6 billion showing and Kentucky Fried Chicken's $3.7 billion performance.

McDonald's also remains the most prolific chain in the nation. *NRN* projects 9,900 golden arches this year, up from 9,400 last year.

Hardee's, the Southeast-based burger chain, sidles past a struggling Wendy's by only $230 million on this year's *NRN* ranking.

But that may be a mere trick of the calendar because Hardee's gains a headstart fiscal year that stretches through next March, while Wendy's term ends in December.

In another major upset on the Top 100 Chains systemwide sales ranking, Little Caesars rockets from 30th place last year to 19th this year.

The Farmington Hills, Mich., pizza chain is expected to boost systemwide sales to $770 million from $520 million as last year's 1,300-odd outlets mushroom into nearly 1,900.

Upsets few in top 10

Otherwise, there are few upsets on this year's Top 100 Chains ranking.

After the tumult of the burger battles, the rest of the top 10 spots are unchanged.

Pizza Hut, No. 6 last year, repeats this year with $2.45 billion in projected coast-to-coast sales.

Dairy Queen follows in seventh, with about $2 billion in chainwide volume.

Domino's, despite hefty gains, remains eighth, at $1.8 billion.

Taco Bell, the only Mexican fast-food chain to make the Top 100, ranks ninth again, at $1.5 billion.

Holiday Inns remains in 10th place, with $1.3 billion in food and beverage sales.

McD tops corporate list

On the revenue ranking of Top 100 Companies, McDonald's leads the list with projected food-service revenue of $4.8 billion.

Marriott again follows, this year with revenue of $4.2 billion.

But PepsiCo, with $3.4 billion, edges past Pillsbury in a hard-fought battle for No. 3. The reason: the soft drink marketer's acquisition of KFC from RJR Nabisco last September.

Institutional caterer ARA Services, adding $100 million in new revenues this year for a projected $1.3 billion, is charging up the revenue ranking. After placing 11th last year, ARA ranks eighth this year.

The biggest loser on the revenue ranking may be Wendy's, which slips three notches to 12th from ninth as its projected revenue actually declines by some $60 million, to about $1.1 billion.

Domino's remains in the driver's seat, edging upward two notches to 13th place.

Fast-growing Ryan's Family Steak Houses is also sizzling. The company, ranked 81st last year, jumps to 71st place this year with projected revenue of $145 million.

Despite its acquisition of Marie Callender's family resturant, trouble in the hotel business has cut Ramada's standing to 72nd place from 50th.

Newcomers to the revenue rankings include Western Steer, which comes in at 97th place after a showing last year that would have ranked it 101st, and Rusty Pelican Restaurants, squeezing in at 100th place.

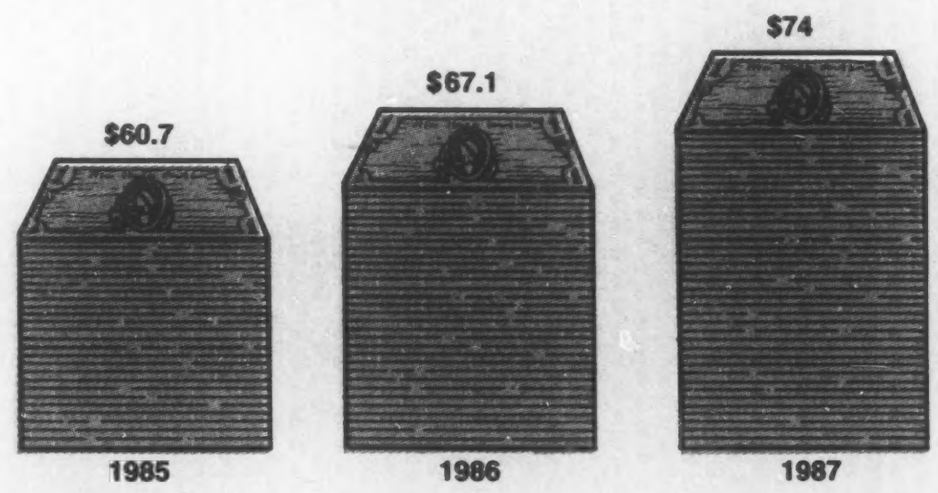
The ubiquitous 7-Eleven chain

After McDonald's, the nation's most

*(See **MCDONALD'S**, page F4)*

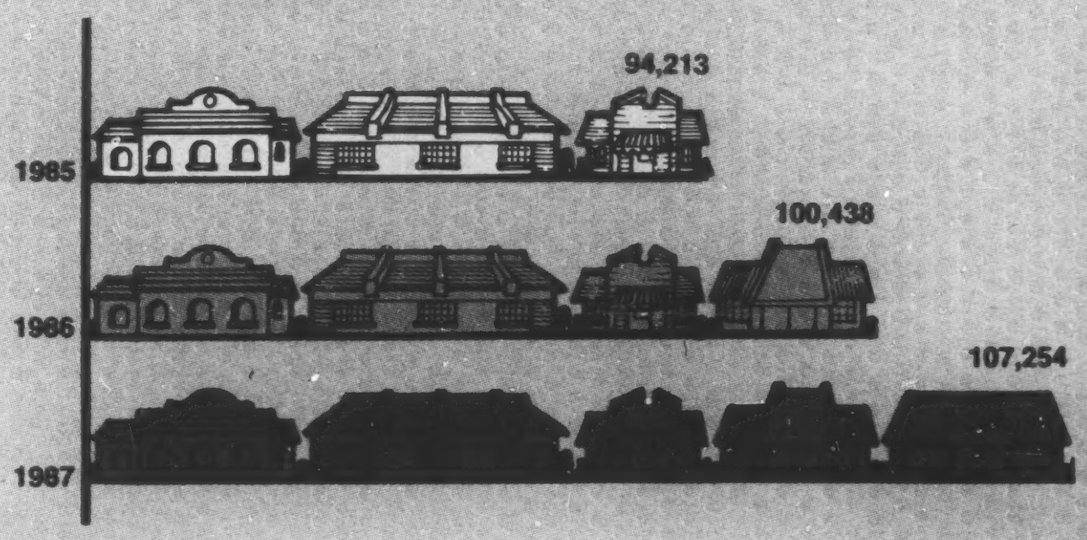
TOP 100: POISED FOR SYSTEMWIDE SALES GAINS...

(In billions)



Source: NRN *Research*

...MORE AMBITIOUS GROWTH PLANS...



Source: NRN *Research*

...AND INCREASES IN SALES PER UNIT

(In millions)

Source: NRN *Research*

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